

The **Management** **REVIEW**



JANUARY, 1940

COMMENT • DIGEST • REVIEW

THE AMERICAN MANAGEMENT ASSOCIATION

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The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

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A CHECKUP of 1,690 retail executives who were holding jobs in 1931 reveals that only 35.7 per cent are holding those jobs today. What's happened to the others? Some probably have no jobs at all, others are in new lines of business, while the rest (it is hoped) have obtained executive positions elsewhere. See page 18 (Job Security in the Retail Field). While the period which these figures cover was one of extremely high job mortality in all industries, and while the retail field has a reputation as a line in which the "liquidation" of executive personnel is very high, the statistics serve to show that the life of the executive is no bed of thornless roses, nor of fat salaries and bonuses. He has plenty of worries, is sometimes maltreated beyond belief, and can lose his job like anyone else.

THE welfare of the factory worker is a national concern; the government fends for him, unions protect and bargain for him. Not so with the executive. Mr. Smithers, the department head who sees that "the work is done," and his boss who sees that the company makes a profit, are on their own as far as the public and the government are concerned. Not that Mr. Smithers and his boss want public help—although they would like a little understanding. If Smithers and his boss fail in their jobs, they can be snuffed out like matches; those who replace them must be able to push the work out and make a profit, too; otherwise they also will swell the statistics on the negative side of the mortality ledger.

Executives are individualists and will never organize to bargain with stockholders or any other superiors. They agree to work so that there will be money in employee pay envelopes and coupons to clip, and they ask no quarter. But losing a job hurts; it makes no difference whether you work in overalls or whether you work in a white collar.

Current Comment

INVESTMENT—TOUCHSTONE OF PROSPERITY

THE difference between prosperity and depression is that during prosperity business enterprises are spending both their own savings and those of the individuals who buy their new issues of stocks and bonds, and they are using both sorts of savings for new construction, new equipment, extensions, improvements, and the introduction of new products. This is the process that creates large-scale employment, for every time the capital goods industries employ two new workers the other industries, such as transportation, communication, trade, and the like, have to hire three additional workers, and the wages of all five added employees constitute new consumer purchasing power.

Money spent by business to build new structures, increase capacity, improve equipment, and introduce new products, is high-powered money. New employment resulting from the production of capital goods is more than twice as great in volume as it appears to be, for when the producers of capital goods increase their working forces the other industries employ more than equal numbers of new workers to take care of their part in the added activity that has been created. By contrast, pump-priming money is low-powered money, for it is mostly distributed to individuals and directly spent for consumers' goods instead of for capital goods.

Capital formation made rapid progress during the prosperity years of the 1920's, but when stock prices collapsed in the autumn of 1929, the subscriptions of investors to new capital issues collapsed also and continued to decrease until they had almost ceased when the bottom of the depression was reached in 1932. The public purchasing of new corporate securities always decreases when security prices decline, and that is what causes depressions. When security prices are falling, the investors naturally hesitate to buy new securities. When corporations cannot sell new securities, they hesitate to spend their own funds for new equipment and improvements.

In order to provide a job for each worker in our mechanical industries, taken together as a whole, there has to be a capital investment of about \$8,000. These mechanical industries include manufacturing, mining, transportation, communication, construction, and electric power. This typical worker who has been provided with \$8,000 worth of plant and equipment must produce enough to earn his annual wages of about \$1,440, and in addition he must produce a good deal more than that. His work must produce enough to cover many incidental expenses such as those of taxes, insurance, advertising, depreciation, and the development of new products, and then it must produce \$110 for interest and \$250 for dividends. These two items, amounting to \$360, represent the annual return on the \$8,000 of capital at $4\frac{1}{2}$ per cent. After that, his work must produce about \$150 more of earnings that the corporation must plow back into the business instead of distributing it as dividends.

There is one more step that is essential if the worker is to retain his job. It is that the investors who have received \$360 in interest and dividend payments must be sufficiently satisfied with the return on their investment to reinvest amounts equal to half of it, or \$180, in purchases of new stocks and bonds. Of course, a large part of the new investment money actually comes from the saved earnings of individuals and corporations, but it is an essential of progress that there must be a continuous flow of new investment into business enterprise amounting to about half as much as the totals of business payments of interest and dividends.

We shall have our next durable recovery when the prospects for business profits become bright enough to induce large numbers of corporations to raise new capital by selling issues of stocks and bonds, and when our tax laws are so changed as to make it attractive for investors to take the risks involved in purchasing the new securities. In this age of unceasing scientific progress, new materials, new products, and new methods are being constantly developed. Each such advance makes obsolete some part of the \$8,000 worth of accumulated capital on which each worker's job depends. We can have durable recovery when we change relationships between government and business so that investors will regard such advances as furnishing opportunities to subscribe the high-powered capital-forming funds which create employment and banish depression.

COL. LEONARD P. AYRES,
Vice-President, The Cleveland Trust Co.

THE MANAGEMENT INDEX

General Management

Business Faces the Forties

"NEVER sell America short," J. Pierpont Morgan is said to have cautioned, and a tip from this eminent financier was usually worth following. Yet we have passed through a decade in which this axiom, for the first time in American history, would have been misleading.

Glancing backward toward the departing Thirties, it is plain that these years represent the Lost Decade. In no other in our history have our production and standard of living failed to rise above previous peaks. For a time, in 1937, it looked as if we might push through and claim our expected heritage. Then the bottom fell out and business declined more precipitously than during the 1929-32 panic.

Just how badly did we fail during the Thirties? Quite badly. Not only did we fail to progress in a material sense, but we actually slipped back. We had on an average during the Thirties fifteen million more inhabitants and yet our aggregate production declined. For each person, we produced about one-fifth less than in what

the statisticians call the normal years 1923-25.

Such retrogression has never before occurred in American history. Usually we look back with satisfaction at the completion of a decade. We worked hard and got our just due—and the record showed it. Let us look at that record. Industrial production during the Twenties increased one-third over that of the Teens, although the latter period was abnormal with wartime excesses. And the Teens averaged two-thirds over the first decade of this century. During the first decade production more than doubled over the previous decade, and in the Nineties increased nearly two-thirds over the Eighties, and so on all the way back to when we first became important as an industrial nation.

No wonder our leadership is puzzled and bewildered at what has recently happened to us. It is a tremendous and significant fact.

Fortunately, the Forties bid fair to mark the dawn of a more pleasant era; 1940 in particular should be a good business year. Those Sleeping Giants

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of our economy, the great durable goods industries such as the railroads, public utilities and construction, are bestirring themselves after almost a decade of lethargy. For several months, the great Pittsburgh district, home of our heavy industries, has been aglow with blast furnaces and steel mills operating at near capacity. Business indices which measure the temperature of our national well-being are flirting with a new high, although they will probably contract somewhat during the first quarter of 1940. There is every reason now to suppose that 1940 will be the best business year since 1929.

At the moment the heavy impact of a European war seems to outweigh every other consideration. It is bound to influence the American economy, although we should not overemphasize what is happening abroad to the neglect of the urgent needs of our own household. We live in a veritable Eldorado of riches compared with the rest of the world, and our task in 1940 is to harness our national energies to these natural riches.

Not only should new products help stimulate activity, but the prosaic fact that old products wear out should help considerably. Although there is a tremendous obsolescence in all of industry, this is particularly true of the railroads. Machine tools and machinery of all sorts are generally acknowledged to be awaiting replacements when industry has a clearer vision of the future. Such phenomenal progress in efficiency has been made that the capital cost of many of these new tools can be paid for after a few years.

The same holds true of the new streamlined trains that have been installed on certain runs. Under these conditions replacements begin to occur on a large scale.

The 1940 legislative mill gives promise of proving less troublesome to business than in recent years, and this is a factor of strength. Now that we have greater perspective, cannot much of our legislation in the Thirties be accounted for by the drastic economic conditions then prevailing, coupled with the fact that structural changes—in a sense, a change of life—were taking place in our economy?

We have been suffering from an overdose of pessimism as in the late Twenties we suffered from an overdose of optimism. But we have passed through the dismal decade at last and gradually are adjusting ourselves to the great changes that have taken place. A new generation is growing up which does not demand a return to the old rules of the game. Things are wearing out and new inventions, not yet capitalized upon, are plentiful. The Sleeping Giants are awakening. A major movement of population, a deurbanization, made possible by the motor car, is ready to take place.

And on top of all this, we are confronted with a European war which promises large draughts upon our raw materials and finished goods. If America looks to 1940 and to the Forties for a higher standard of living, that seems certain to come. BY SHELBY CULLOM DAVIS. *Current History*, January, 1940, p. 39:5.

War and the Recovery Problem

THOUGH for the time being the development of a war boom seems to have been checked, the danger cannot be over so long as the war lasts and our own armament program is expanding. Our present need is to take a long-range view of the recovery problem and to manage any temporary spurt in such a manner as (1) to minimize the shock of the inevitable let-down, and (2) to facilitate the resumption of recovery after the temporary spurt is over. This involves: (1) avoiding a substantial rise in the price level; (2) avoiding large increases in costs; (3) preparing a cushion for the inevitable letdown; and (4) raising the propensity to invest.

The danger of a broad spiral of price increases springs from the fact that, during 10 years of depression, investment and replacements have been low and from the additional fact that the number of skilled workmen in the country is at least 13 per cent below 1930, and may be as much as 20 per cent below. A sudden attempt by industry to catch up on replacements on a large scale would produce bottlenecks, particularly if accompanied by large buying by belligerents and by our own army and navy. For example, a large simultaneous demand for light and heavy steel products may reveal a bottleneck in the blast furnace capacity of the steel industry. This capacity has declined from about 46.2 million tons in 1926 to 44.8 million in 1937.

The activity induced by recovery, by

the war, and by our armament is likely to induce movements for higher wages. Since wage rates advanced during the war will be reduced with great difficulty after the war, American business men will be wise to make wage concessions in the form of temporary adjustments which do not disturb permanent rates. Although such arrangements were not attractive to trade unions in the last war, the difficulties experienced by unions in the postwar wage adjustments of 20 years ago may make the older unions susceptible to proposals for temporary war bonuses based upon cost of living or profits.

It is difficult to make plans for the postwar adjustment because no one knows now what kind of a world will emerge when hostilities cease. It is safe to assert, however, that the best protection against unforeseen changes and certainly the best protection against a sharp recession after a war spurt is the development of many new and cheap products. This means an ever greater expansion of industrial research. There is no reason why both automobiles and housing should not again be important cushions against a postwar drop. In the case of automobiles, the cushion could be created by postponing model changes. No change in the fall of 1940, for example, would cause a considerable postponement of demand until 1942.

The restoration of full employment will require that over one-fourth of the

gross savings of the country be absorbed by the housing industry. Increasing the investment in housing is mainly a matter of raising the value of housing and keeping down its cost. The value of housing is limited by a tax rate which in 274 cities averaged \$26.90 per thousand of true value in 1937. Translated into an income tax, this is roughly equivalent to a rate of 40 per cent. Sooner or later we must face the fact that by concentrating the burden of supporting local governments almost entirely on real estate we are seriously narrowing the most important single outlet for the savings of the community.

The conclusion of this analysis is that the fundamentals of the recovery problem have not been altered by the war. But although the essentials of the problem remain the same, the war threatens to add formidable new obstacles to recovery. Certainly if one were today to estimate the prospective earnings of American industry over the next 10 years, that estimate would be lower than the estimate one would have

made last July. Such an estimate today might assume a year or two of earnings raised by war and armaments. But it would also have to take account of the probability of a substantial rise in costs that will persist for some time after the war, of the deflationary effect in the postwar world of depreciated foreign currencies and possibly of new restrictions on trade, of new tax burdens imposed by the expansion of our armaments. Furthermore, it would have to count as a probability the danger that a war spurt will substantially raise building costs and thus materially diminish the capacity of the building industry to contribute to recovery.

These new threats to recovery are real, and they will not be prevented or counteracted unless they are clearly seen and unless there is effective co-operation among management, organized labor, and the government to combat them.

BY SUMNER H. SLICHTER. *Proceedings of the Academy of Political Science*, January, 1940, p. 2:14.

*What Is Your H. Q.?**

A "HAPPINESS RATING" constructed by Burgess and Cottrell, and reproduced in their book, "Predicting Success or Failure in Marriage," shows just about what chance you have of being happily married—depending, curiously enough, on your occupation. Notable is the fact that only about 32 per cent of laborers are perfectly happy about their wedded ties, about 25 per cent feel just so-so about it, and about 43 per cent harbor a never-again-will-be-soon-enough reaction. Unhappy marriages are also prevalent among traveling salesmen, auto mechanics, musicians, truck drivers, and real estate salesmen. On the other end of the scale, engineers, teachers, athletic coaches, college professors, and ministers are basking in conjugal bliss. And as for chemical engineers, almost 85 per cent of them are happy as larks, and only about 8 per cent wish they were wedded to their jobs instead of to their wives.

* Happiness quotient.

Hire New Men? Or Pay Overtime?

THE wages and hours law makes overtime an expensive way to step up production. But—dollars invested now in the payment of overtime may head off high taxes on payrolls in years to come, and thus save money in the long run.

This condition is a result of the merit-rating principle in unemployment insurance. Like experience ratings in fire and accident insurance, merit rating means that the employer who so controls his actions as to set up little strain on the common funds shall contribute less than the one who causes a heavy strain.

The stakes are high. A Wisconsin employer whose present employment policies earn him high merit rating in future years may pay practically nothing in payroll taxes. His competitor, who lays off and rehires often, may pay 3.2 per cent of annual payroll—equivalent to employing three idle men per 100. In other states, the spread may reach 4 per cent.

All the 48 states, of course, plus Alaska, Hawaii and the District of Columbia—51 “jurisdictions” in all—now have their separate unemployment-insurance funds. And most agree on the merit-rating principle to determine how much each employer shall pay into the fund.

Action to re-rate employers by merit is imminent. Wisconsin already has re-rated some 7,200; 2,800 have earned reduced rates, 675 must pay higher ones, the rest continue at the old rate.

The time to start winning or losing in the re-rating game is right now. Waiting until re-rating actually begins may be damaging. For an employer's new rate will depend upon his average past record for two years, or from three to five years “whichever is highest,” and the like. Each jurisdiction has its own ideas of appropriate time periods. *Most of those periods are running already.*

Once established, merit rating may stand for one year or for a longer period, depending upon the law. As a result, the employer who allows himself to earn a high tax may continue to pay it long after he has mended his ways.

Nor is there any point in gambling that too-high rates paid during one year will be averaged down by lower ones later. For there is strong pressure to spend excess reserves as “benefits” rather than to return them to employers. And to the extent that this pressure succeeds, each successive re-rating period will be a harder one in which to win a lower rate.

In many jurisdictions, furthermore, merit rating is an outright gamble for the employer from the day when any large group of men is discharged. This is because any subsequent firing of those men by other employers will be reflected in the rating of the “original” employer. The benefits paid an unemployed man in 22 jurisdictions are prorated in inverse chronological order against *all* his former employers.

The employer who hired the man last may pay the highest proportion, but all his other employers are also traced and assessed, like branches of a family tree.

With merit rating penalizing new employment and making the employer pay in years to come for what he does right now, it's well to study the matter

carefully before going out and hiring new workers. For in spite of the wages and hours act, paying overtime may in the long run be a much cheaper way of increasing production—unless the employer is pretty certain that the new men's jobs will be permanent. By EDWIN LAIRD CADY. *Forbes*, January 1, 1940, p. 15:2.

Poll of Business Sentiment

THE year 1940 should be a good business year. In the opinion of the nation's business executives it will be *much* better than 1939. Forty-one per cent think it will be better—by more than 10 per cent; 47 per cent think it will be better—by 3 to 10 per cent; 10 per cent think it will be about the same; 2 per cent think it will be from 3 to 10 per cent worse.

These are the votes recorded in a nation-wide poll recently conducted by *Sales Management* among several thousand of its subscribers.

Fifty-seven per cent of the respondents plan to go after business more aggressively during 1940, 40 per cent are planning sales and advertising expenditures about the same, while only 3 per cent expect to make decreases.

Advertising agency executives are among the most optimistic: 64 per cent of them plan to increase their own sales and advertising budgets. More of them will make increases in excess of 25 per cent than is true of any other classification of business. Other industries where optimism runs considerably higher than average are drug-store products, foods and food beverages, household appliances, sporting goods, agricultural machinery, alcoholic beverages, industrial tools and equipment, hardware and building materials.

—*Sales Management* 12/15/39

The "Engineering Mind"

IN AN address on the instruments of social progress at Northeastern University, Dr. Karl T. Compton cited the finding of a study which disclosed that, of 235 college-educated presidents in leading American industries, 151 had been trained in engineering or technical colleges and 84 in colleges of all other types. The figures indicate that the probability of becoming president of an American industrial organization is ten or twenty times as great for a man trained in engineering as for a man of different college training.

Dr. Compton thinks the predominance of engineer-managers is partly the result of the necessity of having complicated technical structures supervised by technical experts. He feels, however, that the more controlling reason is found in the engineering mind—the type of mind that Stuart Chase has described as "professional, not commercial; dedicated to building, not to profit-making; that is done with false modesty and has the courage to accept the job of taming the billion wild horses which Watt let loose; that thinks straight and hard; hates waste and confusion, dirt and despair; that never stoops to the shoddy or the adulterated."

—*Net Results* 1/40

Office Management

Five-Day Week Policies

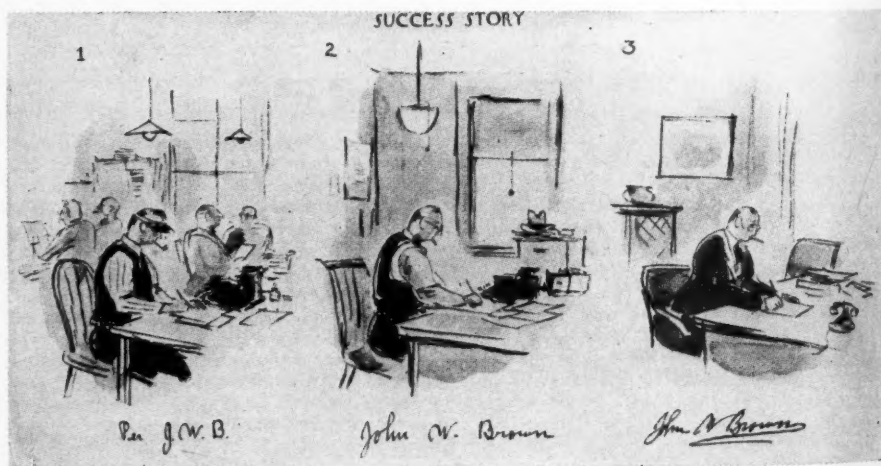
THE extent to which five-day week plans have been adopted for employees in New York City was the subject of a recent study by The Merchants' Association of New York. A total of 120 concerns, each with 75 or more employees, was included in the survey.

One hundred four employers, or 86.7 per cent, have five-day week plans; only 13.3 per cent maintain a working schedule of six days or longer for all employees. By far the largest percentage of companies that have adopted five-day week plans have made these plans applicable to all employees throughout the year. This group totals 57.7 per cent. The next most common type of five-day week plan is

also effective throughout the year, but applies to a portion, usually a large portion, of employees. Except for this qualification, this group of employers, which totals 20.1 per cent, would be included in the first group, and thus raise the total percentage of concerns that have adopted five-day week plans which are continuous throughout the year to the noteworthy figure of 77.8 per cent.

The other groups of employers who have five-day week plans—namely, those who have plans which affect all employees during part of the year, or a portion of their employees during part of the year—total 16.4 and 5.8 per cent, respectively.

Five-day week plans for *all* employ-



ees normally include office staffs and manual employees, if both of these groups are employed, as well as other employees that may be on the payroll. Employers having five-day week plans involving a portion of employees throughout the year appear to be about equally divided, as far as the types of employees covered are concerned. Some employers, particularly those having strong labor union affiliations, include all factory or hourly-paid employees in their five-day week plans, while other employers have installed

five-day week plans for office staffs only. Salesmen seem to be generally excluded from five-day week plans. Building maintenance and shipping-room employees are specifically excepted by individual concerns.

It may be concluded that a strong trend undoubtedly exists at the present time toward the adoption of a practically universal five-day week basis of employment throughout the New York area.

Prepared by the Industrial Bureau of The Merchants' Association of New York, September, 1939. 5 pages.

Money-Savers for the Mailing Department

AT SERVEL, INC., Evansville, Indiana, an analysis of shipments of refrigerators, service parts, advertising, and circular literature revealed three problems:

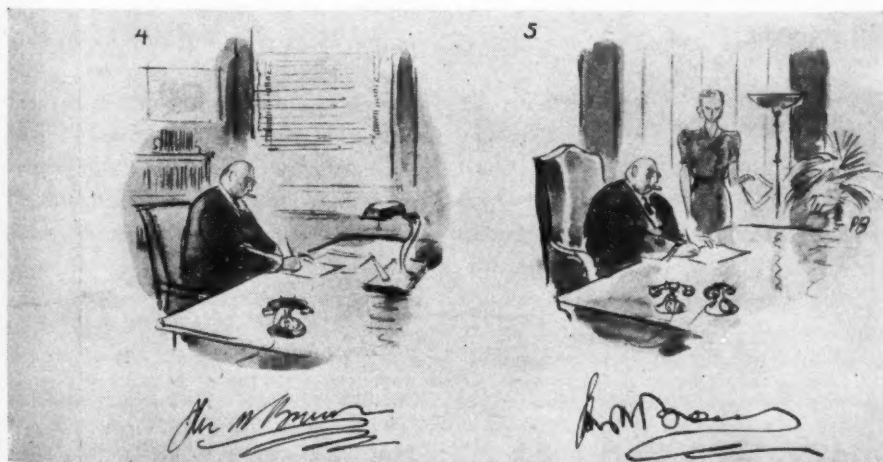
(1) Shipment of sales orders re-

quiring only one label.

(2) Shipment of sales orders requiring more than one label.

(3) Shipment of circular literature from a mailing list.

Of the total shipping orders pre-



—Courtesy of The New Yorker

pared in this company, 52 per cent can be shipped in single containers requiring only one label. To solve the single label problem, Servel devised a combination order and invoice set of forms which contains one shipping label copy. The label is prepared as a by-product of the writing of the order, and the addressing operation is thus eliminated. Since use is made of a duplex form combining the label with the packing slip, an additional copy is unnecessary.

To facilitate the handling of shipments to the active accounts, a quantity of labels for each account is pre-addressed by the Multigraph process. These labels are filed behind an index guide of the account and are housed in 5 by 3 inch vertical card files. When more than one label is required to ship an order, the correct quantity of pre-addressed labels can be easily removed from this file.

Because of irregular or infrequent shipment to some of the accounts, it is impossible to ascertain the label requirements in advance; therefore, the labels necessary for these shipments are typewritten as needed. Instead of preparing these labels individually, Servel makes use of a special spot carbon back label which permits a number of legible copies to be written in one typing. The uncar-

boned area permits the label to be glued to the container.

Mailing lists are furnished by the district sales manager for every account in his territory. This list classifies the type of customer and states the quantity and kind of literature to be furnished to each executive. It is used to build up and revise the Addressograph plate file.

If single copies only were mailed to the customers, the problem would be comparatively simple; however, the necessity of furnishing each distributor with bulk quantities of some items for redistribution to his dealers complicates matters. To expedite the preparation of this literature for shipments, Servel has devised a literature distribution code and embossed it into the Addressograph plate so that the code appears on every addressed label. The prefix letters of this code denote the literature classification; the numerals denote the quantity; and the suffix denotes the type of literature.

To take advantage of the lowest shipping rate of the transportation companies, a shipping code is also embossed into the Addressograph plate. This code, consisting of the parcel post zone, the express scale number, and the freight rate, serves as a reference for determining comparative rates. By I. A. HERRMANN. *American Business*, January, 1940, p. 26:2.

► FINDINGS from a survey recently completed by the Direct Mail Advertising Association indicate that paper stock had been wasted in the preparation of 72 per cent of all printing pieces studied. Thirty-five per cent of all jobs wasted up to 10 per cent of the paper, while 37 per cent wasted 10 per cent or more. Eighty-four per cent of printers' jobs were produced from standard sizes of paper, and it was found that 77 per cent of this production wasted paper.

Production Management

Wage Incentives and Industrial Relations

AT American Type Founders, Inc., we are strong believers in wage incentives. It has been our experience that such incentives make for more efficient work and for a more contented group of employees.

In our Elizabeth, N. J., plant are two quite separate processes: the manufacture of high-speed, precision printing presses, and the manufacture of printers' movable type. From a manufacturing point of view, about the only thing they have in common is the high degree of skilled craftsmanship required.

Our first attempt at incentives was applied to straight production work where such a system was relatively easy to install. By means of extensive time studies we established time production standards for each production operation. These standards are not exorbitantly high, nor do we expect 100 per cent performance from every employee on every job. Actually we consider that an average performance of 70 per cent of the established standard is adequate to maintain a man in his job. If his performance falls consistently below 70 per cent, we try to place the operative at some other kind of work more suited to his capacities or, failing that, suggest that he find work in some other field. On the other hand, our system gives the ambitious and able workman a real chance to increase his earnings. If his

performance exceeds 70 per cent of the established standards, he receives as a bonus, on an established scale, from 83-1/3 per cent to 100 per cent of the time he saves at his current hourly wage rate.

This bonus system has proved eminently satisfactory both to the company and to employees, and has been gradually extended until at present 82 per cent of the direct labor of the whole plant is covered by the plan.

In the light of the success of our employees' bonus plan, our manufacturing division determined to initiate a supervisors' bonus plan which would give supervisors a direct interest not only in plant efficiency but also in service and maintenance. Under the plan, in addition to base salaries, the supervisors in each division receive bonuses on the basis of fulfilment of monthly budgets established in advance by agreement between the supervisors and the management. These budgets are worked out through the application of a series of experience costs to the predetermined output planned for the month.

It should be understood that no bonus is earned by a supervisor for individual accomplishment; bonuses are earned as a lump sum by the performance of the whole division and are subsequently prorated among the supervisors of that division according to a

fixed scale. This makes for better teamwork.

In our machinery manufacturing division, for example, bonus earnings of supervisors are governed by five major factors. These factors, and the relative importance given to each, appear in the following table:

1. Direct labor.....	25 per cent
2. Indirect labor.....	25 per cent
3. Variable expenses.....	25 per cent
4. Factory errors and defective materials.....	14 per cent
5. Safety	6 per cent
	<hr/>
	95 per cent

Certain maintenance factors are included under the headings "Indirect Labor" and "Variable Expenses," such as cleaning machinery, small tool cost and maintenance, expense of moving machinery, etc.

Three subsidiary factors also affect the plan, but apply only to the bonus earnings of those supervisors in charge of service and maintenance, for the reason that their functions extend to the supervision of service and maintenance of plant used by departments

other than the machinery division. They are:

1. Reduction in monthly budget authorization charges	2 per cent
2. Meeting budget on certain overhead indirect labor	2 per cent
3. Completing special expenditure authorizations on schedule	1 per cent
	<hr/>
	5 per cent

These three factors account for only about a third of the possible bonus which the maintenance supervisors may earn. The rest is dependent upon the efficiency of the machinery division as a whole.

In establishing any wage-incentive plan, management should take the employee group into its confidence as far as possible. If the employees themselves help to formulate the plan, they will have greater confidence in it, will respond more wholeheartedly to it—and the results will be reflected in good industrial relationships. BY THOMAS ROY JONES. *Executives Service Bulletin*, Metropolitan Life Insurance Company, December, 1939, p. 1:3.

Statistics of Absenteeism

ACCORDING to a study of sickness absence issued by the Industrial Health Research Board, of London, statistics of some thirty firms show a variation in the sickness ratio from 3.7 to 11.4 days per annum for men and 4.0 to 18.3 days per annum for women. There is a decrease in the figures for men as they increase in age, whereas the converse is true for women.

The commonest causes of absenteeism are still the catarrhal infections, colds and so-called influenza; these provide about 29 per cent of the total. Accidents provide about 11 per cent, and then there follow gastric disorders, rheumatism and nervous conditions.

By far the commonest cause of prolonged incapacity (i.e., periods over 29 days) is neurosis. Thus, while the most immediate day-to-day problem in sickness absence is created by catarrhal conditions, the serious problem from the social and economic angle is created by the neuroses. It should be pointed out that approximately 50 per cent of all neuroses can be permanently cured and that the person who is cured will probably make a better and more competent employee than he was before.

—DR. J. R. REES in *Industrial Welfare and Personnel Management* 5/39

Container Sealing Survey

ONE thousand and seven readers of *Packaging Parade* have just participated in a nation-wide survey of shipping-container sealing practice. Sponsored by this publication's Packaging Council, this study, just released, reveals the methods and experience of shippers in 43 states. It covers practically every variety of product that must be enclosed in a container for shipment or delivery to a customer, including foods and beverages, drugs, cosmetics and chemical products, clothing, hardware, paper products, paints, petroleum products, appliances of many kinds, and light machinery.

As a general observation, it may be said that this study indicates that the subject of packaging products for shipment has been and is receiving a great deal of attention from shippers. Very few companies appear to feel that they have found the ultimate either in containers or in sealing methods, only 57 men stating that they are not interested in new developments.

As to containers now in use, many companies are using four or five or more different types, the average being two kinds per establishment. The modern corrugated carton has a commanding preference, with 547 shippers using some single-wall and 523 using some double-wall containers. Wooden boxes and crates are used by 360 companies, solid-fiber containers by 294, and barrels by 214. Ninety-nine companies pack in other types of containers, such

as paper, cotton and burlap sacks, cans, casks, kegs, and metal and plywood drums.

Sealing methods employed show the same wide spread. Those reported were as follows:

Tape	662	companies
Glue—hand applied	379	"
Glue—by automatic machine	258	"
Steel strapping	249	"
Silicate of soda—by hand	221	"
Wire stitching	204	"
Silicate of soda—automatic	67	"
Other materials	45	"

Two hundred fourteen concerns have their sealing equipment on a conveyor line, and 45 more have it partly so arranged. Of the 572 who do not operate on a conveyor line, 433 consider that it is not practical in their business, while 24 feel that it would be practical and would save them money to have equipment developed which they could use in that way.

Twenty-four men reported specifically that they have recently adopted or increased their use of automatic sealing machinery. Twenty-nine others have turned to wire stitching or stapling of carton bottoms or tops or both.

A particularly interesting phase of the study is that relating to the properties of the sealed container or features of the sealing equipment which these executives consider important, factors which undoubtedly influence the shipper's decision as to both the type of container and the sealing method to be adopted.

Features checked as "important" and the number of men who considered them so are as follows:

Strength of the package.....	778
Labor cost, or savings possible.....	587
Appearance of sealed container.....	584
Materials cost, or savings possible.....	460
Speed of operation of equipment.....	305
Ease of operation and adjustment.....	292
Sturdiness and long life of equipment.....	220
Low first cost of equipment.....	127
Maintenance cost on equipment.....	118
Quick service on equipment and repairs	106

While there is no pronounced trend toward any particular single material or method, it is evident that the great majority of those surveyed are still seeking ways of improving their packaging in appearance, of providing better protection to the product, and of increasing the speed and efficiency of their operations.

By KENYON STEVENSON. *Packaging Parade*, December, 1939, p. 5:2.

Fortune to Share

CARRIER CORPORATION recently instituted a novel salary plan under which all employees will share in the fortunes of the company. The plan, under which workers will also bear their share of the company's losses, was drafted by James A. Bently, vice president in charge of finance, who studied some 60 successful salary plans before formulating this one.

The Carrier plan will work in this way:

Each month the company will compute its average net income or loss for the preceding 12 months (without deduction for income or profits taxes), and will add to or deduct from the base salary of employees on a percentage basis. This percentage is determined by dividing 20 per cent of the previous 12 months' average net income or loss by the total base salaries of all employees for the current month.

For example, if average monthly net income for the previous 12 months is \$50,000, the increase on base rates of pay would be 6.6 per cent. On the other hand, if average monthly net loss for the 12-month period is \$50,000, the decrease would be 6.6 per cent. In other words, the compensation paid to employees for the current month will be their base salaries, plus or minus this percentage.

There will be no deductions, however, during the first year, but there will be increases if there are average profits. Deductions for employees receiving a base salary of less than \$5,000 a year will at no time exceed 10 per cent, nor 20 per cent for employees receiving \$5,000 or more.

While the Carrier plan includes successful features of many plans, especially that of Westinghouse, it has been "tailor made," explains Vice President Bently, "to meet the varied problems of our business."

—*Forbes* 1/1/40

Union Scales in the Building Trades

THE average union wage rate per hour was \$1.364 for all the building trades in the 72 cities covered in a survey by the Bureau of Labor Statistics on June 1, 1939. This represented an increase of 0.6 per cent above 1938. The average for the journeyman trades was \$1.468, and for the helper and laborer trades \$0.866. Weekly hours as provided for in the agreements of all trades averaged 38.3. Comparatively few changes in hour scales were reported between 1938 and 1939. Forty hours per week was the union scale for over two-thirds of the total membership covered in the study.

—*Monthly Labor Review* 11/39

Health Programs in Industry

COOPERATING in a recent investigation of industrial medical and health services were 301 establishments employing a total of 621,041 workers. Over one-third of these organizations employ less than 500 workers, and approximately two-thirds employ less than 1,000 workers. On the basis of information reported by these establishments, it was found that:

1. Most small organizations still provide only a minimum of first-aid or emergency medical service. In many of them, however, management has recognized the social and economic value of employee health and has taken steps to organize adequate preventive measures and programs for health maintenance.

2. In 265, or 88%, of the establishments surveyed, there is a medical department under medical or lay supervision. Over two-thirds of these medical departments are under the administration of a major executive.

3. In over 75% of the plants, either a physician or nurse, or both, are regularly employed on a part- or full-time basis.

4. In over 84% of the establishments, employees are given pre-employment examinations or inspections by a physician; in 5.6% of the plants, a brief physical inspection is made by a lay attendant; and 10% of the plants provide no physical inspection of any kind.

5. Periodic physical examinations of employees are required or encouraged at regular intervals in over 70% of the companies.

6. There is a growing tendency to make physical examinations more thorough. Of 190 plants that give "complete examinations," over two-thirds report that the average length of time required for an examination is 20 minutes to one hour or more. In 120 establishments, the examination includes various laboratory tests.

7. Although in most plants there is complete supervision and follow-up of employees' occupational disabilities, in one-third of the establishments no special effort is made to supervise non-occupational disabilities to assure adequate medical attention.

8. Dental, ocular, and X-ray services are provided on a routine or limited basis by less than one-half of the companies.

9. Approximately 60% of the establishments maintain an educational program to promote employee health through the use of posters, personal interviews, health bulletins or other media.

10. The extent to which sickness and accident prevention measures are organized varies greatly in different companies. In many establishments there is only casual supervision of

working conditions, and little use is made of records as a guide to improving preventive practices.

11. The average per capita cost of medical care in 165 establishments was \$6.12. In small plants both the per capita medical cost and compensation cost greatly exceeded that reported by large organizations.

12. Among the benefits obtained

through plant medical departments were: (1) reduction of lost time; (2) increased efficiency; (3) better employee health and morale; and (4) reductions in compensation and insurance costs.

BY CHARLES E. PAYNE. *Studies in Personnel Policy No. 17*, National Industrial Conference Board, Inc., December, 1939. 32 pages.

Job Security in the Retail Field

THE lack of job security of executives in the retail field has been for years both a scandal and a bitter jest. The waste involved in the endless substitution of new executives for old has been everywhere admitted, but no steps have been taken to reduce this replacement ratio.

Through a study which has just been completed, it is possible for the first time to throw light on some of the things which have been happening to executives in the department-store field during the last eight years. This survey covered replacements in some 1,690 executive jobs. Here are some of the most interesting facts which the tabulations reveal:

1. Of the 1,690 individuals who were holding executive positions in 1931, but 35.7 per cent are holding those jobs today.
2. Although the general impression has been that women were rapidly moving into executive positions, the figures show a gain of

but 2 per cent in the eight-year period.

3. The rate of replacement of men is much higher than that of women, all positions considered.

The individual who has the greatest expectancy of job permanency is the store manager, and the one whose job security is the least is the training director. Generally speaking, the operating executives are much more likely to be able to hold on to their jobs than those in the merchandising, promotion and personnel fields.

The greater permanency of jobs in the operating division is no doubt due to the fact that operating work is more susceptible to exact measurement. The work of the executives in this division is further removed from the intangibles of fashion and the gauging of public taste and therefore not so susceptible to the dynamite of presidential disapproval.

It is revealed that but 40.2 per cent of the 219 stores surveyed have the

same president as in 1931. Consideration will make it pretty obvious, however, that special factors enter into this figure. For example, store presidents have probably the highest average age of any group, and retirement from age and other causes would therefore be much higher.

Beginning with the general merchandise managers, job security diminishes rapidly. Of the sales promotion and the advertising managers, only about 25 per cent of those who were on the job in 1931 still occupy the same jobs today. The personnel and the employment managers range around the same figure, with the training directors the last in the list.

The impression has been current in recent years that women were rapidly assuming executive jobs in department stores. The facts, however, do not substantiate any such idea. There has been an increase in the total number of women executives in the 219 stores, but the gain is only 2 per cent. Among the 1,690 executives, there are but 34 more women in executive posts now than in 1931. This may be a very discouraging

picture for the feminists, but there it is. Executive positions in department stores are still overwhelmingly in the hands of the males.

The ratio of men to women in 1931, for all executive jobs, was 86.5 to 13.5. By this year the ratio has changed to 84.5 to 15.5.

While women are gaining but slowly in the total number of executive positions, there is perhaps some satisfaction for them in the fact that where they do have jobs their average rate of replacement is considerably less than that of men. Of the total number of men holding jobs in 1931, some 55.5 per cent have been replaced. (Whether they have been replaced more than once it is impossible to say from the facts available.) As far as the women are concerned, however, but 37.8 per cent of them have been replaced.

When all these facts are put together, it is all too apparent that the lack of job security among executives of department stores is not fiction or myth but cold, unpleasant fact.

The Retail Executive, November 29, 1939, p. 2:2.

Improved Status of the Industrial Worker

AVERAGE weekly earnings in American industry in November were only two-tenths of one per cent below those in 1929, a steady rise since last July bringing the total to \$28.49, while the average worker's real income—that is, his money earnings adjusted for changes in the cost of living—was 16.6 per cent higher than in 1929, according to a recent survey by the National Industrial Conference Board.

The survey, which covered representative companies employing 1,680,000 workers, also shows that average hours worked rose from 35.5 per week in May to 39.1 in November. Despite this increase, the length of the work week remained far below the 1929 average of 48.2 hours in the industries studied.

Hourly earnings rose in November for the third consecutive month to reach \$.727. They were 1.8 per cent higher than in November, 1938, and 23.2 per cent higher than in 1929.

Workers' Transportation — Today and Yesterday

HIGH factory wages and the availability of low-priced cars have combined to put personal transportation within reach of a large percentage of American motor workers.

The motor plant employee of 25 years ago had to put in 4,514 hours to pay for a car, while today he can obtain a brand-new model for less than 1,000 hours of work.

A survey of typical factories, both large and medium-size, employing a total of 122,000 workers, shows that 35,000 employees' cars are driven to work daily. In addition, another 25 per cent of the workers are accustomed to ride to work with neighbors and friends, leaving their own cars at home.

The fact that factory workers are able to own and enjoy the products they help to make contrasts with the situation two decades ago, when only 15 per cent of all wage earners owned either automobile, motorcycle or bicycle. The modern automobile is making the daily job increasingly accessible to workers from homes many miles away. By having his personal transportation unit parked at the gate, the factory worker can commute from his five-acre plot in the country to his job in less than a half hour in many industrial communities.

Some of the largest motor plants have more than 20 parking lots for their workers' automobiles. To avoid traffic jams at closing time, factories allow an hour's lapse between shifts, so that homeward-bound men can remove their cars before the inflow of the night shift begins.

Automotive centers have witnessed a migration from city to country on the part of an increasing number of workers, due to the fact that today's automobiles are within reach of the worker's pocketbook. In Detroit, fourth largest city in the nation, industrial employees comprise 75 per cent of the drivers, according to the Detroit Industrial Safety Council.

—Automobile Manufacturers Ass'n

Auto Workers Going Home—1910-1938



► DURING the years 1930 to 1937, the amount of potential real income not produced because of unemployment totaled more than \$200,000,000,000, according to estimates by the National Resources Committee. The significance of this vast amount is perhaps more readily grasped in terms of the statement that it is enough to build a new \$6,000 house for every family in the country. Even these estimates make allowance for the unemployment of about 2,000,000 workers.

—Monthly Labor Review 11/39

Marketing Management

Entertainment on the Expense Account

A CHECK on the expense account practices of 75 representative companies shows that only 24 allow executives and salesmen to charge entertainment on the expense account. In some fields, notably companies selling to industry, the percentage is higher; in fact, out of 13 companies selling to industry, all but two allow unlimited entertainment. During the depression, many companies adopted the practice of putting a roof over all expenses through the use of a flat expense allowance. Such allowances vary from \$8.00 a day in large cities to \$5.00 a day in small cities. Out of such allowances the executive or salesman is expected to pay his hotel room, meals, and all incidentals. In the case of salesmen, transportation on short jumps is included. Executives are usually permitted to charge transportation directly. Under this plan, of course, dues and other club membership expense would be charged against the total allowance.

So far as the company's paying dues in service and other clubs is concerned, a check of dues paid by 150 members of a sales executives club in Chicago showed that 80 per cent of the dues were paid by company check and charged to sales expense. The growing importance of public relations has prompted many companies to encourage their district representatives to join

local organizations and to become actively interested in the welfare of the community.

Golf club memberships and expenses are not properly deductible from business taxes, so most companies consider this as purely a personal expense. Exceptions to this rule are firms of accountants, lawyers, and other professional groups who are barred by their code of professional ethics from advertising, and must depend upon social contacts for business. Some large accounting firms allow each firm member to belong to one social club and to charge his dues and house bills to the business.

Nearly every company requires that all entertainment taken on the expense account be supported by receipts or other documentary evidence of the expenditure. Such evidence is required by the Internal Revenue Department in passing upon the allowability of the expenditure.

There does not seem to be any rule as to the total amount of the sales dollar which should be allowed for the entertainment of customers. One company reports that the allowance for such expense is the same as its advertising allowance, namely, 1 per cent of the past year's sales. This, however, would seem to be high. Some companies, for tax purposes, allow administrative executives a flat appropriate

tion for customer entertainment and executive expense, over and above their salary. Such an allowance is usually regarded as part of the executive's compensation, and can be adjusted up or down, according to the fluctuations of the company's profits.

In highly competitive industries, where personal contacts have a great deal to do with sales volume, as for instance in the cement industry, policies are quite liberal. In industries where sales are made on the merit of the product or service, there has been

a decided tightening up on entertainment expense. There seems to be a growing feeling that needless money is spent in entertaining customers, especially at conventions, and that usually the business obtained in that way is entirely out of proportion to the money spent. Lavish entertainment is also looked upon today as weak selling, and sales managers are finding that most good salesmen will get just about as much business without big expense accounts as with them. *American Business*, December, 1939, p. 21:2.

Advertising Budgets Survey

THE average industrial advertiser is spending 2.51 per cent of his 1939 estimated gross sales for advertising, according to the national survey of industrial advertising budgets conducted by the Engineering Advertisers Association, Chicago chapter of the National Industrial Advertisers Association, released last month. This percentage applies to 302 manufacturers who sell to industry and compares with 2.58 per cent spent in 1938 by 304 who included their figures for last year.

Business papers continue to get the largest individual share of the industrial advertising dollar, 28.22 per cent, as compared with 17.78 per cent for catalogs and product literature, and 13.74 per cent for direct mail, including postage.

The new analysis, however, shows that advertisers who use business

papers spend over half (51.59 per cent) of their appropriations in them, not including production costs. Those who use general magazines and other media to reach the general public spend 43.69 per cent of their appropriations to do so, of which 31.45 per cent goes to magazines and 2.35 per cent for radio. For those using catalogs and product literature the expenditure is 25.21 per cent; for direct mail, including postage, 21.81 per cent; for house organs, 10.55 per cent. Publishers' consolidated catalogs, including production costs, take 9.26 per cent of the advertisers' appropriations using this media.

The report shows that 225 manufacturers who gave the information were operating at 73.44 per cent of plant capacity, as compared with 65.51 per cent for 230 companies in 1938. Companies doing from two to five million

dollars of business operated at the highest capacity rate, 88.9 per cent, which also is typical over a five-year period. The lowest ratio was 63.06 per cent for the group doing over five million dollars in sales. But the lowest five-year average was for the under-\$200,000 sales group.

Sales cost increased to 14.04 per cent for 1939 (estimated) from 13.82 per cent in 1938.

Less than half of the companies having advertising departments do not

employ agency service. Less than three-quarters of the companies have advertising departments, and less than 15 per cent have neither advertising department nor advertising agency.

The report also revealed that there were more increases in industrial advertising budgets in 1939 than decreases. More than a third of those reporting had larger budgets by an average of nearly 25 per cent. *Industrial Marketing*, November, 1939, p. 17:2.

Trade Promotion Policies

DESPITE almost universal recognition of the importance of trade promotion as a merchandising function, a comparatively small percentage of national advertisers have any definite policy regarding the specific role this activity plays in the general advertising setup, according to a survey just completed by *Advertising Age*.

The study, covering a wide variety of businesses ranging from perfume to heating equipment, sought to learn whether advertisers pursue a clearly defined policy as to distribution of funds between consumer and trade advertising. Those who had such a policy were asked to describe their procedure regarding the percentage of the budget allotted to various types of trade promotion including publication advertising.

Of the total, 50 per cent said that they followed no definite policy in the use of trade promotion. Approximately 25 per cent followed a definite policy.

Eleven per cent have a definite policy in the use of business papers for the purpose of contacting the trade, although terming it "variable" in its relation to other advertising. Fourteen per cent have a definite policy of no trade advertising.

While the variant size of the advertisers polled makes a general conclusion difficult, the maximum amount allowed for business paper advertising—among those following a definite policy—was 25 per cent of the total budget. This group did not include any who limited themselves exclusively to business paper copy.

—*Advertising Age* 12/18/39

AMA PACKAGING CONFERENCE AND EXPOSITION

The Packaging Conference and Exposition of the American Management Association will be held at the Hotel Astor, New York City, on March 26-27-28-29.

Financial Management

Pension Plans and Social Security

THIS study was undertaken primarily to ascertain the effect of the Social Security Act upon previously established private pension plans and to record the steps taken by industry to adjust its pension program to the Federal old-age benefits. The study is based upon information secured in April, May and June, 1939, from 275 companies which have had formal pension plans in operation at one time or another during the past decade. The investigation was undertaken before the Social Security Act was amended, and consequently the present study is devoted to a discussion of the adaptation of the company's plan to the original Act. A few of the highlights of this study indicate present trends in these private pension programs.

1. The enactment of the Federal pension plan has caused the abandonment of only about one out of every 10 formal pension plans covered. The depression was responsible for the discontinuance of another 10% of these formal plans.

2. Of the 275 pension plans covered, 80% are still active. Of these active plans, a quarter have been adopted since August, 1935, while 39% have been revised to supplement the Federal benefits. Approximately 35% of the active pension plans were reported as not having yet been revised because of the Act.

3. The most significant trend revealed in the present study is the shift from a non-funded, non-contributory, company-administered pension plan to a group-annuity plan, supported by joint contributions of employer and employee. Of the 220 active pension plans studied, 169, or 77%, are now underwritten by insurance companies, while only 18 out of the 141 pension plans found to have been adopted or revised since the Social Security Act became effective are administered by the employing company.

4. Of the 169 group-annuity plans included, 123 definitely complement the Social Security Act. There are two types of annuity plans: the definite-benefit type and the money-purchase type. Both ordinarily provide for proportionately lower contributions and annuities on earnings up to \$3,000 per year than on earnings in excess of this amount, which are excluded from the Federal plan. The definite-benefit type outnumbers the money-purchase type four to one, but since the Social Security Act became effective, interest in the latter type has been stimulated.

5. In addition to the future-service annuities which are financed through joint contributions of employer and employee, 93% of the companies with group-annuity plans furnish past-service annuities free to employees meeting specified requirements. This past-service annuity is ordinarily computed by

multiplying a specified percentage of earnings by years of accredited service to the date of the plan's adoption.

6. Approximately half of the group-annuity plans permit all employees to subscribe upon fulfilment of a short probationary period, while the remainder limit participation on the basis of age or income or both. Only a small minority restrict eligibility exclusively to employees earning over \$3,000 per year, although they benefit proportionately the least under the Federal law.

7. The age of normal retirement under the group-annuity plan is ordinarily set at 65, with provisions for earlier or later retirement. About a third of these plans permit women employees to retire five years earlier than men.

8. One of the most interesting recent developments in group-annuity

plans is the widespread adoption of "vesting" rights by which an ex-employee retains title to annuities purchased by the company in his behalf as well as his own, provided he has fulfilled certain requirements.

9. A comparative few of the active pension plans, comprising only about a quarter of the total, are funded and administered by the employing company. Of the 51 self-administered plans, only 18 definitely supplement the Social Security Act, while 33 have not yet been revised. With one exception, all these plans are supported entirely by company funds. The number of supplemental self-insured plans is so small that no definite trends are indicated. BY F. BEATRICE BROWER. *Studies in Personnel Policy No. 16*, National Industrial Conference Board, Inc., December, 1939. 48 pages.

Last-In, First-Out Inventory Valuation

THREE questions relating to the last-in, first-out method of inventory valuation were included in a questionnaire on Finished Goods Inventory Practice recently submitted to a group of N. A. C. A. members.

Members were asked to indicate (1) whether their companies were using the last-in, first-out method for the current year, (2) whether they contemplated changing to this basis at the beginning of the new year, and (3) if they had decided against the adoption of this method, the reason for the decision. Of the 264 companies repre-

sented by the replies received to date, 25 report that they are now using the last-in, first-out basis for the valuation of raw materials, while 14 state that they are planning to adopt this method at the beginning of their next fiscal year. Thus, on a percentage basis, 9.5 per cent of the reporting companies now use the method and 5.3 per cent plan to adopt it for the new year, or a total of 14.8 per cent expect to use this plan in 1940. It is interesting to note that early in 1938, when the National Industrial Conference Board made its study of "Prevailing Practice in In-

ventory Valuation," only 3 per cent of the 916 reporting companies were using the last-in, first-out method.

Of the companies now using the last-in, first-out basis, two report that it is used for a portion of their raw materials inventory only, one reports that it is applied to finished goods as well as raw materials, and six report that the method now being used for raw materials will be applied as well to goods in process and finished goods at the beginning of the new year. Of the 14 companies planning the adoption of this method, four plan to apply it to raw materials only, one to raw materials and goods in process only, and the other three will use the last-in, first-out basis for all inventories.

Companies now using the last-in, first-out method manufacture paper products, instruments, furnaces and boilers, machine tools, dresses, steel

parts, lithographing, asphalt products, steel, petroleum products, starch, advertising signs, motor fire equipment, dairy products, screws, rugs and carpets, and glassware. Companies planning the adoption of this method manufacture paper, chemicals, machinery, shoe leather, rubber products, tools, valves and governors, wire, engines and non-ferrous metal products.

Of the 146 companies which gave their reasons for not adopting this plan, 90 stated that they felt that this method was not applicable to their business, 26 stated that more experience with the plan would be needed before they adopted it, 10 suggested that the present was not an opportune time for its adoption, 5 gave a combination of these reasons, and 15 listed various miscellaneous reasons.

N. A. C. A. Bulletin, December 15, 1939, p. 500:2.

Accountants Liability Insurance

ACCOUNTANTS liability insurance is interestingly discussed by Richard T. Wood in a leaflet recently prepared and published by American Surety, one of the first companies to issue this type of protection in the United States.

A review of claims filed under this type of policy, according to the leaflet, reveals that most have their origin in failure of the accountant to uncover embezzlement. Ten interesting claims are listed and each is briefly discussed. The policy as a form is compared with certain other types of insurance, such as license bonds, statutory bonds, products liability and public liability policies, and then differentiated from all these, with some consideration of the origin of the form in England and this country.

"Accountants liability insurance is sort of an orphan," it is stated, "not being under the jurisdiction of any rating bureau. Rates and policy forms are filed with various state insurance departments directly by the carrier." Three regular accountants liability policies are available.

—*The Eastern Underwriter* 12/8/39

► **DR. GEORGE GALLUP**, the man who knows how America will vote before it goes to the polls, has been doing some work on color preferences, says *Retailing*. In research for a paper company, he discovered that light blue is the most effective color to use in direct mail work with women. For men or a mixed group it's light green.

Insurance

Plans of Automobile Insurance

NO plan of statutory automobile insurance should overlook the larger and more important problem of safety; it is one of the salient factors that must be considered in determining what plans are advisable. Everything possible should be done to encourage safety through automobile insurance as well as by all other means. It is for this reason that we have so highly regarded the experimental rating plans, in effect throughout the country, for differentiating between the cost of insurance for drivers who have good records and for those who have had accidents.

One of the important problems which calls for solution is the failure of voluntary insurance to cover more than approximately one-third of the automobiles on our highways. Entirely too many people seem willing to take the risk of loss to themselves as well as liability for damages to those they may injure by their negligence. Therefore, some plan must be devised to provide protection for those who are

injured by the irresponsible driver.

Many people believe that the most effective method is the adoption of a compensation plan for automobile accidents comparable to workmen's compensation. Opponents of the plan point to the fact that in workmen's compensation the relationship between employer and employee is one of contract, and that the absence of such a relationship makes it impossible to justify a precedent. Many of the standards and conditions which have made workmen's compensation successful in the business and industrial world do not apply to an automobile compensation plan. It is the opinion of many of those who are familiar with the problem that the proper method of meeting the growing public interest may be something on the line of the Massachusetts plan. There is no apparent reason why the weaknesses and defects revealed by past experience cannot be obviated. *Journal of American Insurance*, September, 1939, p. 15:3.

What Is Insurable Value?

FOR a long period of time the American and Canadian courts consistently held that the value of a building covered by an insurance policy was the replacement cost less wear and tear. In 1927, however, the

Court of Appeals of New York, in the case of *McAnarney v. Newark Fire Insurance Co.*, departed from the old rule and held that if a building was not worth replacing, its value was to be determined by taking into account

what it would sell for or what use could be made of it.

Under the McAnarney decision it is possible to deal with the total loss of an obsolete-type building on a commonsense basis. If the building is obsolete and not worth replacing, it is improper to insure it on the basis of replacement cost, because in the case of total loss only a small part of the replacement cost would be collectible. But unless the building is insured for replacement cost or 80 per cent of it, it will not pay a premium sufficiently large to care for the partial losses which are far more apt to occur than a total loss. It will be quite possible to have a loss in the building where there would be no replacement of any entire component, such as a roof, and therefore a loss from which it would

not be proper to deduct any depreciation.

The problem presented by the obsolete building is insoluble under any of our present rating plans. It could only be solved by requiring the payment of a premium based upon the replacement cost of the building but limiting the amount of insurance to the market value of the building. In New England a depreciation clause is currently attached to policies covering idle manufacturing plants. The clause provides that, in case of loss, the same depreciation shall be applied to any cost of repair as is applied to replacement cost in order to determine the sound value that shall be used in applying any coinsurance or reduced rate contribution clause. *Insurance Decisions*, October, 1939, p. 138:1.

Insurable Values*

IN making up statements of values to be used for insurance purposes, the following common errors and omissions should be avoided:

1. Setting up buildings, machinery, equipment, fixtures, betterments and improvements, and similar property at book value when such book value is not actual cash or insurable value.
2. Setting up stock at cost or inventory prices when the insurance covering it provides for selling price less charges, or for market value.

3. Omitting (a) supplies; (b) stock in transit according to the books but actually on the premises; (c) stock sold but not removed, and still at risk of the insured; (d) property not owned but for which the insured is liable in case of loss — e.g., railroad sidings or property under lease; or property on which the insurance covers by special wording — e.g., employees' clothing or tools.

If a work sheet similar to the one appended below is prepared and properly filled out, the information appear-

* By Prentiss B. Reed, Adjuster, New York City.

ing on it will go far toward eliminating errors and avoiding omissions.

Many large concerns own property in a number of separated locations. Such concerns can use the work sheet to advantage, seeing that one is filled out for each location and that all sheets are then forwarded to the central accounting department for checking, after which they can be examined by the person in charge of insurance. Each sheet should also be checked against the following questionnaire:

1. Does the insurance cover stock on the basis of replacement cost or of selling price?
2. If supplies are not accounted for separately, have they been accounted for in the stock figure?

3. In preparing the stock figure, was the item of stock in transit properly treated? (Occasionally stock shown on the records as "in transit" is actually on the premises; occasionally the situation is reversed.)

4. In preparing the stock figure, was the item of stock sold but not removed treated properly?

5. If the insurance covers such property as clothing or tools of employees or workmen, has a proper amount been set up to cover the value of such property?

6. Under the heading of "Insurable Liabilities," has a proper amount been set up to cover the maximum loss that might be sustained on such properties as railroad sidings, leased machinery, or similar property belonging to others for which the insured may be liable in case of its destruction or damage?

7. Is there any insurable property at a location where business has been discontinued?

8. Have all locations been covered and reported on?

WORK SHEET

Statement of Values as of _____ Date _____

Property located at _____ No. _____ Street _____

Town	State			
	Book Value	Replacement Cost	Insurable Value	
Building	\$ —	\$ —	\$ —	—
Machinery	—	—	—	—
Equipment	—	—	—	—
Fixtures	—	—	—	—
Betterments and Improvements	—	—	—	—
Miscellaneous Supplies	—	—	—	—
Other Property	—	—	—	—
Insurable Liabilities	—	—	—	—
TOTALS	\$ —	\$ —	\$ —	—
	At Cost	At Selling Price	Insurable Value	
Stock on Premises	\$ —	\$ —	\$ —	—
Stock in Transit	—	—	—	—
TOTALS	\$ —	\$ —	\$ —	—
GRAND TOTAL at location			\$ —	—

The Management Question Box

Questions and Answers on Management Practice Based on the Inquiries Received by the AMA Research and Information Bureau.

Individual replies are made promptly either by mail or telephone to inquiries received by the Research and Information Bureau. This service is available to executives of concerns holding company memberships. The questions cited here are those which it is believed are of general interest to the membership.

Verifying Citizenship

Question: Government contracts forbidding the employ of aliens are being issued to companies which have not previously worked under this requirement. What methods are being used to check upon the citizenship of employees?

Answer: Citizenship papers in the case of foreign-born employees and birth certificates for natives are, of course, the desired evidences of citizenship. However, there are many cases where these records are not available. One company has recently completed a check of voting lists, which it considers give satisfactory proof of citizenship. Another company is using the Bureau of Census records of the Department of Commerce to determine place of birth.

The comparatively recent requirement of birth registration in some states, and the fact that records seem to be frequently lost, burned, or otherwise destroyed, have caused much difficulty. Among alternative documents which are being accepted are baptismal certificates, when issued within a short time after birth; honorable discharges from military service; certain sailors' passports; affidavits of older relatives who are U. S. citizens; certificates of derivative citizenship; citizenship papers of fathers which name minor children; passports giving place of birth. When there seemed to be no reason for doubting the truth of the assertion, personal interviews and statements on application blanks have been accepted by some vendor companies which have not yet received direct government instruction to make a citizenship check.

Suggestion Systems

Question: Do suggestion systems in small companies produce results sufficient to cover their own costs?

Answer: There is not much evidence on this point for small companies. We do know of one company of approximately 500 employees which had a suggestion system costing around \$100. In a 14-month period 581 suggestions were received, of which some 120 were accepted. Awards of about

\$1,500 were paid, based on 10 per cent of the actual savings for the first year, or approximately \$15,000.

A suggestion system is not usually judged solely as to whether actual savings resulting from suggestions balance the cost of administering the system. A successful suggestion system affords non-financial incentives and improvement of employer-employee relations which cannot be measured in monetary terms.

Question: If a company adopts an employee suggestion, and it is found that the same suggestion was previously rejected when offered by a different employee, do both employees receive awards?

Answer: Evidence on this point indicates that the employee who made the original suggestion is given either equal or greater consideration. One company rewards the man who made the original recommendation and grants another somewhat smaller award to the second man, explaining the circumstances with regard to the first scheme.

Another company says that ordinarily the award would be given to the employee making the suggestion at the earlier date. This could not be set down as a hard and fast principle, since circumstances would sometimes create need for considering the person presenting the plan at the time of the award.

Applying Results of Attitude Surveys

Question: What practical use can be made of the results of a survey of employee attitudes?

Answer: Companies which have made such surveys report finding many points of minor irritation which can easily be rectified, and are basing programs of employee education on the survey results.

Mr. E. B. Roberts, describing an attitude survey made at Westinghouse, stated that departmental scores showed where "sore spots" existed, and findings gave definite information on policies which needed revision. For example, Westinghouse found that it was necessary to pay more attention to the promotion plan, that methods of informing employees about company policies had not been sufficiently effective, and that more emphasis should be placed on intangibles rather than on wages and hours. Similarly, Mr. J. J. Evans, Jr., reviewing the Armstrong Cork survey, declared that "we received priceless information that will be very helpful in promoting future satisfactory relationships with our people."

Upon completion of its survey, another company issued a detailed report to each top executive and plant manager. Plant managers were immediately notified that they should proceed with correction of all local problems revealed in the survey. Factory personnel directors, in analyzing results of

the survey, decided that the most important general need was better information for the employees. House organs, bulletin boards, meetings and day-to-day conversations with foremen were recommended to bring about an understanding of the company's workings and its problems. The personnel director of this company describes this study of employee opinion as one of the most valuable projects undertaken in the personnel program of the company.

Wartime Personnel Policies in Britain

Question: For the guidance of companies having foreign branches or subsidiaries, can you tell us what allowances British companies are making to employees serving with H. M. and Civil Defense Forces?

Answer: Of 34 representative companies surveyed by Management Research Group No. 1, 21 are making up the full difference between civil pay and service pay either to all employees or to married men and single persons with dependents. However, only eight are granting allowances for service with the Civil Defense Force as well as with H. M. Forces. Six companies are allowing fractions, ranging from one-third up, of the difference between civil pay and service pay for single men, and four make flat payments, usually two months' salary, to single men, with no further allowance assured. Half of the regular salary received is being allowed to married men by four companies.

In some instances where no provision is made for regular allowances, cases of hardship to dependents are taken care of on individual merits. Employees remaining in one company are contributing to a fund for the families of men in military service. Several organizations require that employees consult management before volunteering for National Service; otherwise, allowance claims will be refused.

The policies are, for the most part, subject to change at any time. Guarantees of allowances were made for from one to six months, with many set for review at the end of three months. By December, the rise in the cost of living caused several industrialists to give some consideration to the need for raising allowances or granting bonuses. As yet no general policy has evolved.

Every effort will be made to hold jobs open, companies have assured men entering service. New employees are being hired on a temporary basis; promotions of staff are to "acting" positions. Yet no guarantee is given that positions will be available in all instances.

Pensions are being continued by most concerns. In the cases studied, over a third of the companies are assuming the entire burden of pension payments, another third are continuing joint company and employee payments, and the rest are permitting the pension to lapse during "leave of absence" for war duty, but it will continue upon reinstatement.

Question: Are the British finding the cost-of-living index useful in wage determinations under emergency conditions?

Answer: Many British companies have given some wage increments on the basis of a rise in the cost of living. Wisdom of increasing basic wages in accordance with the index percentage is being questioned, and only two companies have decided on automatic increases *pari passu* with the cost-of-living index. Bonuses or "cost-of-living grants" are being found preferable. Most companies are considering the social status of employees—age, sex, number of dependents, etc.—in determining the percentage of increased wage or amount of bonus.

Effort is being directed to maintain the standard of living for lower-paid workers—most percentage-increase plans set a maximum that a worker may receive, or the percentum is decreased for the higher brackets.

Survey of Books for Executives

Turning Points in Business Cycles. By Leonard P. Ayres. The Macmillan Company, New York, 1939. 214 pages. \$2.75.

The early chapters of this book cover the history of business fluctuations from 1831 to the middle of 1939 as pictured by the well-known index of business activity of the Cleveland Trust Company, originated by the author in 1931. These chapters discuss the relative timing—the leads and the lags—among business activity, bond and stock prices, commercial paper rates, and since 1863, the dollar volume of new capital issues. The author has performed a useful service by assembling all the old information about the volume of new security issues and has added new and interest-

ing material that carries the record back to 1863. Unfortunately, it has been impossible to separate new money issues from refunding issues prior to 1919. Refunding issues have only a small and indirect influence on industrial activity.

The central argument of the book is that business activity is dependent on the flow of money into and out of business; when business has been expanding for some time, funds flow out of banks into business; commercial paper rates increase, and bond and stock prices turn down; then the conditions for raising new money become unfavorable, the new capital market dries up, and business activity declines. Similarly, as business activity declines, money flows out of business into banks, interest rates fall, security

prices increase, new capital issues come out, and the expanding phase of the cycle returns.

The charts show an interesting degree of conformity to this logical chain of events, but there are enough exceptions to show that other factors are sometimes more important.

The results from actual cycles show variations in length from 27 to 104 months; and in 10 out of 100 chances on the upswing of the cycle, and in 19 out of 100 chances on the downswing of the cycle, the logical lead is actually a lag. And the author leniently calls a hit whenever the expected lead is a lead. It may lead by zero months or by 40 months or more, but it is still a hit.

The author constructs a "typical cycle" or model which is a composite of the medians of each set of figures. The resulting typical cycle is 40 months in length, and the sequences follow in their appointed order. In this model all the troublesome irregularities and inconsistencies of the business cycle in real life are conveniently eliminated. It is of doubtful usefulness, however, when actual cycles, 27 to 104 months in length, must be shaped to this single 40-month "typical" pattern. But the author carefully disclaims any forecasting values for his results. The irregularities are too frequent and too large.

The author assembles sufficient data to show without reasonable doubt that his sequences generally work out. Commercial paper rates usually reach their bottom before security prices reach a

top; and security prices usually reach a top before business, and so on. But the flow of money from banks and the capital markets is not the only cause of business fluctuations. Nor, even within that limited monetary field, are private banks the only source of credit for large-scale spending. Any attempt to prove a single cause of business cycles is doomed to failure. The business cycle is the result of all the forces acting within our capitalistic economy. As Professor Schumpeter says, "no one element (of the economic system) can be singled out for the role of prime mover."

Turning to matters of more immediate interest, the author emphasizes the great importance of capital expenditures and of the expenditures of business for goods of all kinds. Increased purchasing ability of consumers, while desirable for social reasons, has little power to overcome the violence of industrial fluctuations. Without the inflow of new money for capital goods, there can be no reasonably sustained prosperity. The difference between the business fluctuations of the 1920's and of the 1930's has been, chiefly, the capital expenditure character of 1920 business and the predominating consumer expenditures of the 1930's. The failure of the purchasing power theory of Keynes has been that the prosperity-sustaining expenditures of private funds for producers' goods did not automatically follow the increased consumer purchasing that came from Federal spending. Experience shows that consumers are followers,

not leaders, in the industrial procession.

Reviewed by F. D. Newbury, Economist, Westinghouse Electric & Manufacturing Company.

Practical Budget Procedure. By John H. MacDonald. Prentice-Hall, Inc., New York, 1939. 326 pages. \$4.00.

Budgetary control is formalized planning of a company's objectives, and control of the means for their attainment. When all business men realize that through this method their ideas about results can be better formulated, and then concretely stated as profit and financial specifications to the organization, the case for budgeting will be as firmly established as that of everyday accounting.

Throughout "Practical Budget Procedure," Mr. MacDonald emphasizes the need for intelligent planning by management of what it hopes to accomplish, and the allocation of specific responsibilities to each member of the staff for his contribution toward attainment of the objectives.

Beginning with the general business outlook for a coming period, consideration is given to those factors which may affect the individual business differently. For instance, the trend of building permits might indicate the volume to be expected by building supply firms, while oil production or freight carloadings might indicate the trend of equipment purchases by these industries.

With the probable course of buy-

ing determined, the company then establishes sales quotas for its products based on the share of the total business it feels it should obtain, and its ability to have such volumes available from production and inventories. Naturally, this involves a consideration of the productive facilities and an inventory policy, from which a production budget is evolved.

The costs and expenses determined as necessary for the required sales volumes are then computed and established as operation budgets. Provision is also made in the budgets for flexibility when other than the predetermined sales volumes occur.

When the functions of each of the organization's divisions have been studied, and their consequent costs budgeted, the data are brought together in a Profit-and-Loss Budget, which shows the profit objective for the period under consideration.

Similarly, from the data accumulated, a cash budget and a balance-sheet budget are prepared showing the expected changes that will occur in the financial status of the business.

A budget manual serves to inform the organization just how the management expects its plans to be executed, and assures uniformity in the preparation and dissemination of the essential data.

Finally, consideration is given to the functioning of the budget, the need for alertness to changing conditions, the constant relation of operations to financial results, and the follow-up essential to assure the desired results.

In addition to describing each step

of a complete budget plan, the author leads his reader through an inspection of representative budget installations to see how individual budgeting problems have been solved. Numerous forms in use by different companies, and references to more detailed treatment of specific industries, are included.

This volume should prove enlightening and helpful to the operating executive, accountant, and student of business.

Reviewed by Frank Klein, Director of Budgets, Worthington Pump and Machinery Corporation.

Psychology for Business and Industry. By Herbert Moore. McGraw-Hill Book Company, Inc., New York, 1939. 527 pages. \$4.00.

This is a book with many good points and almost as many weak ones. Its title is somewhat misleading, since a good part of the volume deals with matters which have but slight, if any, relationship to psychology. It was evidently written as a college textbook, and while it has some merit for that purpose and should appeal to the general reader who is without experience in the field, it will prove unsatisfactory for anyone familiar with industrial psychology.

The book gives much information regarding the different ways in which psychological methods may be useful in industrial situations. In a broad way, it deals with the selection process, fitting individuals to the right jobs, training, promotion, and motivating

the worker. There are also chapters on accident prevention, fatigue, and the problem employee. The relation of psychology to advertising and selling is also discussed.

A book dealing with psychology in industry should certainly have a strong chapter on tests for selection and promotion. The material in this book, however, is most general and is presented in an indiscriminate manner. In a sense, the chapter concerning tests is little more than a compendium of miscellaneous information. Much of it has little relation to present practice in industry, although there is a small number of useful and interesting references to the work of Uhrbrock, Viteles, Pond, Bills, Wonderlic, Lovett and Wadsworth, who are among the few qualified psychologists doing actual work in industrial situations. It is unfortunate that many of the references in the volume are old and in some cases must be regarded as out-of-date.

Many of the tests which are discussed—some of them at great length—are infrequently applied in industry. For example, three pages are concerned with a series of so-called "clerical tests" which are not generally used by industrial psychologists. Six pages are devoted to the discredited Blackford "character analysis" system, with only a very mild criticism in conclusion.

The chapter on "Job Analysis and Job Specifications" is a disappointment. Job classification or, more properly, wage and salary classification, which should have been included in

that chapter, is very inadequately treated in another chapter on "Promoting the Employee," and much of the best work in the field of wage and salary classification is not referred to at all. Here, as in many other parts of the book, much material is presented in an uncritical manner, so that the inexperienced reader cannot tell what is representative of good practice and what is not.

Perhaps the book suffers most from an attempt to cover too much ground, with the result that it is very uneven. Probably no single work could cover so wide a field anyway, no matter how experienced and talented the author. For the general reader, however, the volume will prove stimulating and interesting, and it should encourage him to further specialized reading.

Reviewed by Edward N. Hay, The Pennsylvania Company.

Applied Economics for Engineers.

By Bernard Lester. John Wiley & Sons, Inc., New York, 1939. 464 pages. \$4.00.

The average student emerging from an engineering school is usually well trained in the methods and practices of his profession, and if he becomes employed by a metal manufacturing concern he must know the characteristics of the material that is used. He must be familiar with foundry practice and technique. But his sphere is limited if his knowledge is confined to these factors. He must also study the utility of the product that is manufac-

tured, and he must understand its pricing.

This book has been written to assist the engineer in this latter problem of engineering economics. It is written with an understanding of engineering procedure and in terms of the problems with which the engineer is especially concerned.

Some of the chapter headings include: Human and Public Relations, Industrial Organization, Statistical and Accounting Methods, Problems of the Supplier, Requirements of the User, Market for Technical Products, Distribution of Technical Products, Functions of Organized Selling, Price and Pricing Policies, etc.

The volume is well organized and gives a broad, practical picture of the engineer's economic problems. It is carefully indexed and contains numerous valuable references. It cannot fail to be a help to both young and experienced men of the engineering profession.

The History of an Advertising Agency. By Ralph M. Hower. Harvard University Press, Cambridge, Mass., 1939. 652 pages. \$4.00.

This is a detailed and documented study of one of the oldest and largest advertising agencies in the world, N. W. Ayer & Son of Philadelphia. It traces the firm's growth from 1869, when it was a one-room, one-man enterprise devoted solely to selling space in a few religious weekly newspapers, down to the present large corporation.

Frequently books of this type are either in the muckraking class or are blind panegyrics that glowingly describe only the virtuous aspects of the organization's development. Dr. Hower's volume falls into neither of these categories. Parts of his history might make the agency wriggle in discomfiture along with the rest of the advertising profession—if a profession it could be called in its earlier stages. Other parts should give it a pleasant glow of pride, for it was one of the leaders in the movement which brought about the establishment of professional standards and ethical practices. Dr. Hower, a student of records, has told dispassionately what the records have told him.

The volume focuses attention upon a relatively new type of business agency, one that, although hitherto neglected by students, has a tremendous influence in our economic system. There is considerable emphasis upon the advertising industry as a whole, the organization, methods, and operations of a large agency today, and the general business and social background. Every phase of the business is covered so far as sources permit: relations with clients, media-owners, competitors, and the public; the management, growth of organization, personnel relations and working conditions; and accounting and financial history.

For anyone engaged in agency or publicity work, or any company executive who has advertising responsibilities, the book is almost required reading.

Technology and Labor. By Elliott Dunlap Smith. Yale University Press, New Haven, 1939. 222 pages. \$2.50.

The groundwork of this book is based on a study of labor-saving developments in the cotton-weaving industry during the past several years. The investigations in various plants in different parts of the country are not cited as case studies, but the facts have been thoroughly coordinated by Professor Smith. The volume is pleasingly free from statistics and on the whole is very interestingly written.

Too often we hear it said that labor problems accompanying technological improvements can be handled along more or less definite lines. The fallacy of this is clearly set forth by examples showing that under practically the same set of conditions one concern was able to make improvements without any labor unrest whereas another was greatly involved in dissension.

For those who are interested in personnel activities or who have the responsibility of supervising technological improvements, there is a wealth of information on the varied problems facing management as well as a portrayal of the thoughts and reactions of those persons affected by the changes.

The problems are not peculiar to weaving but apply basically to any industry. The author indicates the general trend of mechanization and its effect on immediate employment, as well as the transition of skilled workers to the status of specialists. To the time and motion study man, as well as

to the management counselor, there is clearly set forth the need of their skill and training in dealing with the various phases of the problem before and during the transition period.

One cannot help but be impressed

by the need of more scientific study of the proper determination of reasonable "work loads" for operators.

*Reviewed by Stanley P. Fisher,
Works Manager, American Hard Rubber Company.*

BOOKS RECEIVED

A National Survey of Industrial Advertising Budgets—1939. National Industrial Advertisers Association, Inc., Chicago, 1939. 24 pages. \$2.00.

Workers on Relief. By Grace Kinckle Adams. Yale University Press, New Haven, 1939. 344 pages. \$3.00.

Cost Accounting Procedure. By the Higher Accountancy Instruction, Research, Advisory, and Educational Staffs of LaSalle Extension University. LaSalle Extension University, Chicago, 1937. 359 pages. \$3.50.

Practical Accounting and Cost Keeping for Contractors. By Frank R. Walker. Frank R. Walker Company, Publishers, Chicago, 1938. Third edition. 169 pages. \$1.25.

Studies in Income and Wealth. Volume Two. By the Conference on Research in National Income and Wealth. National Bureau of Economic Research, New York, 1938. 345 pages. \$3.00.

Principles of Accounting. By Roy B. Kester. The Ronald Press Company, New York, 1939. Fourth edition. 703 pages. \$4.00.

The Knack of Selling Yourself. By James T. Mangan. The Dartnell Corporation, New York, 1938. 234 pages. \$2.50.

Seasonal Variations in Employment in the United States. By W. S. Woytinsky. Committee on Social Security, Social Science Research Council, Washington, D. C., 1939. 154 pages. \$1.50 (paper bound).

Survey After Munich. By Graham Hutton. Little, Brown and Company, Boston, 1939. 253 pages. \$2.50.

Credit Unions in Massachusetts. By Joseph L. Snider. Harvard University Press, 1939. 142 pages. \$2.50.

The Theory and Practice of Modern Taxation. By William Raymond Green. Commerce Clearing House, Inc., New York, 1938. Second edition, revised and enlarged. 364 pages. \$3.50.

Poor's Special Report on Sixty Low Priced Stocks. Prepared by Poor's Investment Advisory Staff. Poor's Publishing Company, New York, 1939. 44 pages. \$5.00.

Pump-Priming Theory of Government Spending. Edited by Egbert Ray Nichols and William E. Roskam. The H. W. Wilson Company, New York, 1939. 482 pages. \$1.25.

An Approach to More Objective Oral Tests. By Samuel H. Ordway, Jr., and James C. O'Brien. Pamphlet No. 2, Society for Personnel Administration, Washington, D. C., June, 1939. 31 pages. 25 cents.

Financial Organization and Management of Business. By Charles W. Gerstenberg. Prentice-Hall, Inc., New York, 1939. Second revised edition. 849 pages. \$5.00.

Investment Principles and Practice. By Leroy Whitney Grossman. Longmans, Green and Co., New York, 1939. 266 pages. \$1.00.

Tests of Mental Development. By F. Kuhlmann. Educational Test Bureau, Educational Publishers, Inc., Minneapolis, 1939. 314 pages. \$2.00.

Problems in Industrial Purchasing. By Howard T. Lewis. McGraw-Hill Book Company, Inc., New York, 1939. Second edition. 649 pages. \$5.50.

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- The Rediscovery of Man.** By Henry C. Link. The Macmillan Company, New York, 1939. 257 pages. \$1.75.
- Government Spending and Economic Recovery.** By Charles F. Phillips and J. V. Garland. The H. W. Wilson Company, New York, 1938. 404 pages. \$2.00.
- You and Your Money.** By C. Donald Dallas. Prentice-Hall, Inc., New York, 1939. Revised and enlarged edition. 85 pages. \$1.50.
- Discussion Methods Explained and Illustrated.** By J. V. Garland and Charles F. Phillips. The H. W. Wilson Company, New York, 1938. 330 pages. \$1.25.
- Accounting for Distribution Costs.** Policyholders Service Bureau, Metropolitan Life Insurance Company, New York, 1939. 42 pages. Gratis.
- The Municipal Year Book: 1939.** Clarence E. Ridley and Orin F. Nolting, Editors. The International City Managers' Association, Chicago, 1939. 587 pages. \$5.00.
- The Comptroller General.** By Harvey C. Mansfield. Yale University Press, New Haven, 1939. 303 pages. \$3.00.
- Administering Unemployment Compensation.** By R. Clyde White. The University of Chicago Press, Chicago, 1939. 312 pages. \$2.00.
- List of Subject Headings for Small Libraries.** Edited by Minnie Earl Sears. The H. W. Wilson Company, New York, 1939. Fourth edition revised. 516 pages. \$2.75.
- Poster Progress.** Edited by F. A. Mercer and W. Gaunt. The Studio Publications, Incorporated, New York, 1939. 128 pages. \$4.50.
- The Way Forward—The American Trade Agreements Program.** By Francis Bowes Sayre. The Macmillan Company, New York, 1939. 230 pages. \$2.75.
- The Business and Financial Record of World War Years.** Herbert D. Seibert & Co., Inc., New York, 1939. 427 pages. \$6.00.
- Report of Proceedings of Business-Consumer Relations Conference on Advertising and Selling Practices.** National Association of Better Business Bureaus, Inc., Boston, 1939. 115 pages. \$3.75.
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- Labor Law.** By Abraham and Noah Rotwein. Harmon Publications, Brooklyn, N. Y., 1939. 259 pages. \$3.00.
- An Approach to a Price Theory for a Changing Economy.** By Moses Abramovitz. Columbia University Press, New York, 1939. 158 pages. \$2.50.
- Price Research in the Steel and Petroleum Industries.** National Bureau of Economic Research, New York, 1939. 170 pages. \$2.00.
- Bookkeeping and Accounting.** Two volumes. By James O. McKinsey and Edwin B. Piper. South-western Publishing Company, Cincinnati, 1939. Fourth edition. Volume I: 542 pages, \$1.64. Volume II: 672 pages, \$1.84.
- Principles of Industrial Organization.** By Dexter S. Kimball and Dexter S. Kimball, Jr. McGraw-Hill Book Company, Inc., New York, 1939. Fifth edition. 478 pages. \$4.00.
- Consumer Market Data Handbook: 1939 Edition.** Domestic Commerce Series No. 102. By Ben P. Haynes and Guerry R. Smith. Superintendent of Documents, Washington, D. C., 1939. 464 pages. \$1.75.